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AUTHOR Jefferson, Anne L.
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ABSTRACT

Over the years, the financial support given for operating Canadian schools has shifted from a community-based burden to a legislated provincial government responsibility. Between 1816 and 1846, the school system moved from a clerical operation to a publicly controlled operation. Provincial government monies were then made available, although not necessarily based on need. Since support varied, there was an unevenness in funds received by different communities. After 1850, the government guaranteed local communities a "reasonably constant assistance." In 1901, the North West Territories began making school system grants vary inversely to assessable land value. Other provinces subsequently reformed their grant structure. The remainder of this report reviews education finance history for all Canadian provinces from the 1930s to the present, highlighting varied allocation emphases. As this analysis shows, the equity principle has been interpreted in different, yet similar ways across the provinces. The difference lies mainly in the mechanics, not necessarily the variables used. Teacher salaries and instruction levels offered received most consideration in earlier years. The differential treatment between elementary and secondary schools, with the latter receiving preferential grants, motivated local school boards to implement a curriculum giving more children the opportunity to access higher education. Today, these variables have largely been replaced by per pupil expenditure as an equity divisor. (3 references) (MLH)

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PROVINCIAL SCHOOL FINANCE PLANS: THEIR RECOGNITION OF THE EQUITY PRINCIPLE

by

Anne L. Jefferson, Ph.D.

Associate Professor
Faculty of Education
University of Ottawa
Ottawa, Ontario
Canada K1N 6N5

(Ph: 613-564-5018)

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Abstract

This paper explores the evolution of Canadian provincial school finance plans in terms of how the principle of equity has been accommodated. Through this exploration it will be noted that provincial plans have acknowledged the need to address equity since the turn of the twentieth century. Furthermore, the basis used in this acknowledgement by government has moved primarily from per teacher to per pupil.

Provincial School Finance Plans:

Their Recognition of the Equity Principle

Over the years the financial support given for the operation of schools in Canada has shifted from a community-based burden to a legislated provincial government responsibility. The former represented reality until 1816. This pre-1816 reality is understandable when one realizes that for the most part localities at that time could be described as "small and self-sufficient pioneer communities" (Robbins, 1935, p. 4). As the pioneering nature of the communities gave way to a more complex existence, the demands on the school system also increased. Between 1816 and 1846, the school system moved from a clerical operation to a publicly control operation. Henceforth, monies from the provincial government were made available. The funds however were not allocated necessarily on need nor was need initially identified at the government level. As noted by Crawford (1962),

> At first [the communities] were paid in a paternalistic way by governments in response to requests or petitions which found official favour. When regular machinery was set up for the distribution of grants, the petitions became claims and communities were assured of some support if they met the simple conditions. (p. 5)

This support varied and consequentially there existed an unevenness in the funds received by differing communities. The lever used by government to determine its allocations was the satisfaction of its mandate at the community level. This mandate equated to the use of governmentally authorized textbooks, the establishment of school libraries, and the offering of such areas of study as manual training, art, and agriculture. Still, it was not until after 1850 that the government guaranteed local communities a "reasonably constant assistance" (Crawford, p. 5).

For the next fifty years the financial support given to the school system operated with little change in structure. At the turn of the century, however, a dramatic shift in rationale and thus structure occurred. In 1901, the North West Territories adopted the practice of making grants to the school system vary inversely to the value of assessable land. This was the first instance that the ability of a local community to financially support its schools was given due consideration by the government. The provinces of Alberta and Saskatchewan followed suit in 1905 when they separated from the Territories and duly formed their own provincial boundaries. The other provinces subsequentially reformed their grant structure with the province of Quebec the last (1961) to fully endorse the principle.

It would be desirable to follow in detail the evolution of the above principle in each of the provinces and then to continue with an indepth analysis of how this principle has been nutured; however, this task is too encompassing for the purpose of this paper. Instead, an overview of the nuturing that has occurred within the provinces will be discussed. This overview relies on the more detailed work of Robbins (1935), Crawford (1962), and Salmon et al (1988). It is expected that those who have a particular interest in any one of the provinces will consult these references in combination with the provincial archives to fully document adopted financial practices.

Maritime Provinces

In the 1930s, the greatest portion of funds made available to the local communities of the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland was towards teachers' salaries. "In the year 1933, for example, 76 p.c. of the salaries received by the teachers in [Prince Edward Island] was paid to them by the government, as compared with 18 p.c. in Nova Scotia and New Brunswick" (Robbins, p. 52). In Newfoundland, between 1949 and 1961, the provincial grant was "100% of the basic salaries" (Crawford, p. 234). In fact, for the greatest part of the twentieth century, grants received were mostly dependent upon the

employment of certified teachers and often on the salaries paid to teachers.

In addition to the salary grant provided in each of the Maritime Provinces, recognition of other specific areas of school operation was given. These areas included maintenance, equipment, and supply. Also, in the provinces of Nova Scotia and New Brunswick experimentation with a structured sharing base was attempted in the 1940s. In Nova Scotia,

> the school levy was fixed at 90% of the median rate of all the school rates which had been levied in the previous year in the school sections which were included in the municipal school unit. The difference between the product of this rate and the cost of the minimum program was contributed by the province as an equalization grant and in addition the province continued to pay the salary grants directly to the teachers. (Crawford, p. 235)

The financial burden on the government under this agreement increased rapidly and in 1948 the municipalities were advised that there would be no further increases in funds available under the agreement. A new method of financing schools in Nova Scotia was introduced in 1951. The effect of the new method was a severe blow to the municipalities. No longer were provincial funds available for the "salaries of teachers of new classrooms, nor to any maintenance costs for new classrooms, nor toward any increase in maintenance cost for existing classrooms and only a 50% contribution toward the cost of additional conveyance" (Crawford, p. 236).

The consequences of this newly adopted stance of the government were not to be endured by the municipalities for long. In 1953, all existing grant provisions were repealed and replaced by a foundation program.

> The share to be borne by the province ... was the difference between the cost of the program ... and the product of an 8 mill levy on the equalized assessment. ... The provincial proportion ... was not in any case to be less than 25%. It was further provided that if in any year the provincial contribution to all school boards in the province exceeded 55% or fell below 45% of the cost of the current portion of the foundation program, the 8 mill levy could be altered by the Governor in Council so that the provincial contribution would be restored to 50% or as near as might be to 50%. (Crawford, p. 237)

In comparison, under legislation passed in 1943 in the province of New Brunswick a county council could establish a county school finance board and thus a county school fund.

> The County School Fund was produced by a levy on all the parishes, cities and towns in the county designed to yield an amount equal to 60c per inhabitant. The province, in turn, paid to the board all the grants which would have been payable to the various rural school districts in the county. The amount then required to balance the board's budget was provided by the county and the province, 90% by the former and 10% by the latter. In addition, the province paid to the board a further amount, not to exceed the amount of their 10% contribution. ... In 1957 provision for this equalization fund [i.e., the additional 10%] payment was repealed and the province set up for each board a credit not to exceed what would have been its equalization payment. (Crawford, p. 239)

Thirty years later (1986/87), the provinces of New Brunswick and Prince Edward Island provides 100% support of all school

expenditures. Approximately 94% of the cost of schooling in Newfoundland is provided through the budgetary process of the provincial legislature. No standard set of formulas is used in the allocations. And, all programs operating at the school level are supported by the province of Nova Scotia through a student enrolment driven formula. Weighting factors are grade level, cost of program, rurality of the school district, size of the school board, and average salary in comparison with the district board with the lowest average salary cost.

Quebec

Prior to 1940 the Quebec government made annual appropriations to schools by way of four separate funds. These funds accounted for the number of children attending schools, the religious base of the school (Roman Catholic or Protestant), and the wealth of the municipality in which the school was situated. In addition, incentive grants were given to municipalities under 5000 population who paid teachers a salary of at least $300. "An additional grant was authorized in 1941/42 payable to any school municipality which raised the salaries of its female teachers to $400. This 'supplementary' grant ranged from 70 to 40% varying inversely to the valuation or assessment per classroom" (Crawford, p. 240). Some forty-two years later (1986/87), most grant allocations are

determined on an a priori basis.

Ontario

From 1930 until 1945 the Ontario provincial government made funds available to schools on the basis of attendance, assessment per pupil, the expenditures of the school boards, and other considerations as the Minister of Education deemed necessary to include. As with the earlier discussed provinces, funds were also made available for purpose of assisting boards to pay the salary of teachers. The received amount by any specific board was "on a percentage basis ... and ranged from zero to 77%, depending on what would have been the mill rate necessary to raise the sum required to pay the salaries" (Crawford, p.243).

Since 1945 grants to schools have been paid on an approved costs basis plus a per pupil grant. Over the succeeding years the two parts of the allocation have been combined though the basic principles underlying each has remained unchanged. For the most part the grant structure operated as a percentage equalizing plan.

In 1986/87 the grant structure continues to use approved costs (or recognized ordinary expenditures) as the basis for deciding the actual allocation any school board receives in combination with the board's assessment per pupil. Under this structure the province guarantees that one mill of local tax effort on equalized

assessment will generate the same amount of revenue regardless of the geographical location of the local school board. The equalization of local mill rates is not open-ended; instead, it is limited to a provincially established ceiling or approved level of expenditure.

Manitoba

For the province of Manitoba, the 1930s was witness to a granting structure primarily based on the number of days during the year that a teacher was employed. And, if the same teacher was employed for two or more consecutive years an increase in allocated funds was assured. Amounts involved were "15c per teaching day for the second year of employment and 25c per day taught for subsequent years" (Robbins, p. 54). Along with the noted considerations, consideration was given to the assessment per teacher employed; whereby, the rural school district had to have an assessment of less than $50,000 per teacher to qualify.

By 1941/42 the provision for rural school districts was expanded to include urban school districts. The new provision stated that:

> Where in any year the levy for school purposes was equal to 12 mills and yet was insufficient together with other legislative grants to provide $950 per teacher, there was to be an equalization grant to make up such amount or the actual expense, whichever was the lesser amount. (Crawford, p. 246)

Six years later (1947) the per teacher per day grant and the equalization grant were replaced by a plan to provide guaranteed annual support. Crawford described this new plan as follows:

> [It] consisted of the sum of (1) the legislative grant payable to the district, and (2) the equivalent of a six mill levy on the balanced assessment of the district. This guaranteed annual support was fixed at $1400 for each of the authorized number of teachers in the district. The grant ... was equal to the guaranteed annual support less the sum of (1) the equivalent of a 6 mill levy, and (2) any other revenue of the district which the Minister [of Education] required to be taken into consideration. The council of every municipality was required to levy an amount equivalent to a 6 mili levy on the balanced assessment and also to levy in each school district whatever further amount was required to pay the approved expenses after taking into consideration the guaranteed annual support. (p. 247)

By 1949 a number of supplemental grants were added.

In 1986/87 public elementary and secondary schools are supported through a guaranteed valuation approach. The main thrusts of this latest approach include equalization and various categorical grants that assuage the problems of children with special needs and variations in socio-economic conditions.

Saskatchewan

As with the province of Manitoba, in the 1930s grants were made available to school boards on the basis of the number of days during the year that a teacher was employed in each classroom. In addition, incentive funds were available to school boards for

teachers of grades nine to twelve. By 1941 the basic operating grant for school boards was allocated "partly on a uniform basis and partly on an equalizing basis" (Crawford, p. 249).

> The uniform grant varied according to the number of rooms in the school and ranged from $1.50 where there were less than six rooms, to 90c if there were more than 25. An additional $2.00 per room per day was paid for each continuation or high school room. The equalization grant applied to rural and village districts. If the assessment per room was less than $100,000 there was a grant per room per day (not applicable to continuation or high school rooms) equal to 1/200th of the difference between $200 and a sum equal to the product of a 2 mill levy on the assessment per room, but not to exceed 50c. (Crawford, p. 249)

In 1944, the equalization grant was made applicable to continuation and high school rooms in rural and village districts; and, extended to towns in 1947 and cities in 1952 provided their assessment was less than $120,000 per classroom. Also, in 1944 a larger school units grant was introduced that over the succeeding years became the major thrust of the provincial allocation plan. By 1957, the province had decided that it would be responsible for "a maximum of 75% of the total assigned cost in the case of the poorer units and for a minimum of 25% in the case of the wealthier. The percentage applicable to any given unit came within this range and was determined by the equalized assessment per teacher" (Crawford, p. 251).

In 1986/87, the amount of operating expenditure eligible for provincial assistance is referred to as the total recognized

expenditure. The grant plan is a foundation grant plan whereby the amount available is the difference between the total recognized expenditure and the local revenue raised by application of a provincially determined computational mill rate. Adjustments in expenditures are made for geographical location of northern and sparsely settled areas and for students enrolled in special education.

Alberta

Throughout the 1930s, provincial funds to school boards in the province of Alberta were made available on the same basis as was the case in the provinces of Manitoba and Saskatchewan. This is to say, allocations were in terms of per room per day and the level of instruction (with secondary receiving larger allocations than elementary). In addition, further grants were made available to rural schools giving instruction beyond grade eight. This structure remained until 1945. At this point, an equalization per teacher grant was also available.

> The equalization grant which applied only in rural districts was a grant per teacher per day which varied inversely to the assessment per teacher and ranged through 14 assessment classifications from $2.80 where the assessment was less than $10,000 per teacher to 20c where the assessment was between $70-$75,000. (Crawford, p. 252)

A new grant program came into effect in 1946. This program had four components: (1) a basic grant per room varying according to the type of instruction given; (2) stimulation grants, many of which were dropped after 1949; (3) equalization grant, based on assessment per classroom; and (4) conveyance grant. "The total grants were not to exceed 80% of the cost of operation including current expenditures on capital account. This overall maximum remained in effect until 1957 when it was increased to 90%" (Crawford, p. 253). Per pupil grants were introduced in 1952 to assist areas which had an increase in school population greater than the provincial increase.

> A 'basic' grant was introduced in 1958. It was a consolidation of a number of grants previously in effect and it replaced the grant toward teachers' salaries, the conveyance grant and the $10 flat rate per pupil grant. The basic grant was 55%, increased in 1959 to 57%, of the 'standard operational cost'. (Crawford, p. 255)

> The provision for the Foundation Program Fund by legislation in 1961 made a radical change in the method of school financing. Every municipality was now required to pay into the Fund an amount equal to a levy of 32 mills on its equalized assessment. These amounts together with the legislative grants for school purposes constitute the Fund. Out of the Fund the school boards obtain their main revenue but if the amount received by a board out of the Fund is insufficient to meet its requirements the additional money required is requisitioned from the appropriate municipality. (Crawford, pp. 255-256)

In 1986/87 over 80% of the funds distributed to school boards are still provided unconditionally through the Fund. The remaining

20% of support is provided through grants of a specific nature, namely, fiscal equity, special education, special pupil need, and general education.

British Columbia

In the 1930s the support given to the school boards within the province of British Columbia differed noticeably from the other nine provinces in that funds were allocated not only for teachers employed but also nurses and dentists employed by the board.

> The minimum grant payable for an elementary teacher [was] set at $305. Grants for junior high school teachers, principals of superior schools, nurses and dentists [had to] be at least $50 a year greater than those paid for elementary teachers. The grants for high school teachers [had to] exceed those paid for elementary teachers by $75 and those paid for the other group by $25. (Robbins, p. 56)

By the turn of the decade grants were made available to school boards for the purpose of teacher salaries with the province prescribing the minimum salary rates. "Where the salary actually paid was less than the minimum, the grant was reduced by an amount equal to the difference between the salary paid and the minimum" (Crawford, p. 257). In 1943 this provision was dropped.

Three years later, based on the recommendations of the Cameron Report, the basic grant available to school boards was changed. The new grant now was an amount that was the sum of (1) a revised teacher salary scale, (2) allowances made for teachers holding

positions of special responsibility or employed in remote and isolated areas, and (3) a per pupil amount varying on whether the pupil was in elementary, junior high, or senior high.

"A new grant program was introduced in 1955. It provided for a basic grant to each school district sufficient to pay all ordinary approved school costs above the amount of the product of a 10 mill levy" (Crawford, p. 259). The new program had a brief period of existence. In 1958, the grant structure once again underwent substantial changes.

> The base year principle applied to the sharing of operating costs was eliminated and grants were now to be determined on actual costs for the current year. A new standard basic salary schedule provided for a range for elementary teachers from $2100 to $4350 and for secondary school teachers from $2800 to $5500. The municipal share of the cost was increased to an amount equal to the product of a 12 mill levy. (Crawford, p. 259)

After almost thirty years, the school system in British Columbia is supported by way of a resource-cost model. "This resource-cost model uses a combination of provincially established standards (service levels) and provincially acceptable cost factors to establish, for each school district, an amount in which the Province is willing to share the cost" (Salmon et al, p. 393).

Conclusion

As is deducible from the provincial scene, the principle of equity has been interpreted in different but at the same time

similar ways across the provinces. The difference lies mainly in the mechanics not necessarily the variables used in the mechanism. Here, two variables that were attended to more than anything in the early acknowledgements of equity were teacher salaries and the level of instruction offered. In the first instance equity in paid salaries allowed school boards to offer salaries that would entice individuals into the teaching profession and thus permit the boards to put in place a curriculum deemed necessary by the government. The differential treatment between elementary and secondary schools, with the latter receiving preferential grants, acted as an incentive for schools boards to put in place a program of study that would give more children the opportunity to access higher learning. Today, these variables have been replaced, though in some provinces provincially negotiated teacher salaries is the order of things, such that per pupil as opposed to per teacher is the divisor of equity and level of instruction is often a weighted cost factor.

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